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Thanks, David. And thanks to all of you.

It's an honor to come here, to our nation's capital, and speak about the future of this young country ... The American experiment.

It has produced levels of prosperity like the world has never seen.

It's a prosperity driven by a fairly simple formula ... the unleashed power of free markets combined with a commitment of equal opportunity for all its citizens.

This experiment has had its ups and its downs. But that's the beauty of the experiment ... for every downturn, there has been an upturn.

Free and open markets produce tremendous growth over time ... but the growth comes in cycles. Always has ... always will.

It seems the draw of the human spirit toward prosperity is too strong for downturns to persist for long.

Clearly, the economic problems we face today are complex... and I won't pretend they will be resolved overnight.

But despite all the pessimism, I'm confident that we'll come through this cycle as we have all the others ... smarter, more efficient and poised for growth.

We should all commend the new administration for their willingness to take bold action to try and stem the length of the down turn.

But, at AT&T, we don't believe we should simply wait on the government to solve our problems.



I think President Obama had it exactly right in his speech to Congress two weeks ago when he said ... “The answers to our problems ... exist in our laboratories and universities; in our fields and our factories; in the imaginations of our entrepreneurs and the pride of the hardest-working people on Earth.”

I couldn't agree more.

It's the individual tinkering in a garage and the leaders of companies big and small who make a difference. It's someone with big dreams, new ideas ... and the courage to take risks and invest.

We need a lot more of that spirit right now from Corporate America ...to invest in America's future ... to help get our economy back on track ... and create sustainable growth, opportunity and prosperity.

[PAUSE]

My number one job at AT&T is to ensure that our company grows over the long term. And the only way I know to do that is by *investing* ... investing in areas that drive sustainable growth.

For me, that means two things: Technology and people.

First, we have to continue investing aggressively in our country's technology infrastructure. For AT&T, that means advanced communications networks and capabilities that drive economic growth and productivity.

Second, I believe we have to invest more in America's people infrastructure ... high-tech jobs, better education and new ideas for providing health care.

[PAUSE]

Let me share with you the investments we're making in each area ... starting with technology and the one variable that has always been at the core of economic growth and prosperity – and that's connectivity.

It's a simple equation: When and where people connect, commercial velocity accelerates ... and economies grow. The secret ingredient for unleashing the power of free markets is connecting people ... whether its roads, railways or airports.



It's been that way throughout history. But one thing has proven to increase commercial velocity more than anything else ... communications networks.

It started with fixed line voice calls ... then cellphones ... then the Internet and broadband ... and now mobile broadband devices like the iPhone ... are taking commercial velocity to a whole new level.

Every time we've invested and built new communications networks and capabilities ... commercial velocity has accelerated.

And commercial velocity is how economies grow ... how jobs are created ... it is the core source of prosperity. That's true around the world.

Even in today's economy, the underlying demand for connectivity is strong.

Traffic on our network is growing about 50% a year ... most of it video and data.

Last summer, we finished building the most advanced Internet backbone in the world. Within 3 years, we expect traffic on it will have quadrupled.

To stay ahead of the demand curve, we're continuing to invest aggressively.

\$38 billion in the past two years ... more than any other U.S. telecom or technology company.

And this year, we plan to invest another \$17 to \$18 billion ... most of it to extend and enhance our wireless and wired broadband networks even more.

I'm pleased President Obama has made having a modern communications infrastructure a priority. Few things could have a bigger impact on sustained economic growth.

And the economic ecosystem that develops around these infrastructure investments is substantial.

Ten years ago, AT&T built the largest wired broadband network in the U.S. ... which enabled Internet start ups with great ideas to flourish and create entire new industries.



Those little start ups are now household names ... Google, Amazon, eBay, and many others ...

You're seeing the same economic multiplier with mobile broadband ... and you'll see it again as we invest in even faster, 4th generation wireless broadband networks.

The potential is huge. One study¹ projects that wireless broadband alone will add about \$860 billion to U.S. GDP over the next decade.

[PAUSE]

But our investments in technology are not just about driving commerce. These investments provide a path to a cleaner, more sustainable environment.

A great example is our partnership with Cisco to offer Telepresence ... a hi-def, high-fidelity videoconferencing solution that's so good it's like being in the same room with someone.

We've installed it in several of our locations around the world ... and my air travel alone is down 44%.

Now, multiply that capability across corporate America. Then think about taking Telepresence down market ... to mid-size firms, small businesses and consumers.

Now imagine having hi-def videoconferencing on your wireless device.

We're testing it in our labs right now ... and we believe it's going to be a game changer for how businesses operate, for the velocity of commerce, and for how we live our lives.

Economists say if U.S. companies were to substitute video conferencing for just 10% of business air travel ... the U.S. could reduce carbon emissions by about 35 million tons annually.²

¹ CTIA/Roger Entner: "The Increasingly Important Impact of Wireless Broadband Technology and Services on the U.S. Economy; A Follow-up to the 2005 Ovum Report," May 21, 2008.

² American Consumer Institute, "Broadband Services: Economic and Environmental Benefits" Oct. 31, 2007



[PAUSE]

But our commitment to energy efficiency goes beyond our products ... it also includes how we run our business.

Every day, AT&T connects close to 300 million people around the world. That requires enormous service and support ... including a fleet of about 85,000 vehicles.

Today, I'm proud to announce that AT&T is making the largest-ever commitment by an American company to purchase alternative fuel vehicles.

This \$565 million commitment involves two initiatives.

First, over the next 5 years, we will purchase about 8,000 vehicles that run on compressed natural gas.

The vehicles will be built by the U.S. auto industry.

They will produce about 25% less greenhouse gas emissions than traditional gas vehicles.

Natural gas is cheaper, cleaner ... and we have plenty of it here domestically.

Our second initiative involves replacing nearly all our 7,100 passenger vehicles over the next 10 years with alternative fuel vehicles.

We'll start with electric hybrids, which are 39% more fuel efficient and reduce greenhouse gas emissions close to 30%.

With these two new multi-year commitments, our total alternative-fuel fleet will grow from about 100 today ... to more than 15,000 by 2020.

This fleet will significantly lower our fuel costs and over the next 10 years reduce our consumption of traditional gasoline by nearly 69 million gallons.

It's good for the environment ...

It reduces our reliance on foreign oil ... a point Boone Pickens and I have discussed at length ...



And it gives a big boost to America's alternative fuel industry, creating the opportunity for new clean-energy jobs.

This commitment underscores my central point.

American businesses can – and will – play a critically important role in future economic growth ... through the investments we make today.

[PAUSE]

America's future also depends on how well we invest in our people and our communities. And that starts with jobs.

The vast majority of AT&T's 300,000 employees are based here in the U.S.

Nearly 60% of them are union-represented, giving us the largest full-time union workforce of any company in America – more than the Big 3 automakers combined.

We're proud of that ... and proud of the strong partnership we've built with our unions over the years.

Larry Cohen, president of the Communications Workers of America, is a good partner and I'm proud to say a good friend.

He does a terrific job representing his members ... and he understands the importance of U.S. companies investing in good high-tech jobs with good wages and benefits.

While our overall workforce is declining because of the economy and falling demand for wired voice services ... we expect to add 3,000 new high-tech, union-represented jobs this year ... in our growth areas of wireless, broadband and video.

With the new jobs we're adding this year, we'll fulfill a commitment we made two years ago – in partnership with Larry Cohen -- to add 5,000 high-tech jobs to our U.S. payroll. The majority of these are jobs our vendors had off-shored to other countries.

It starts with jobs, but I believe U.S. companies must also be committed to providing their employees with modern and affordable health care coverage.



I applaud President Obama's commitment to tackle the health care issue.

If you want to make American businesses more competitive ... and help them invest more in America's future ... few things would have a bigger impact than new ideas for reining in health care costs.

AT&T spends \$5.5 billion annually providing health care to 1.2 million employees, retirees and their dependents.

A few years ago, we took a new approach to rein in health care costs while continuing to provide access to good quality care.

We implemented a consumer-driven health care plan covering more than a quarter million of our managers, retirees and their dependents.

It requires employees to take an active role in managing their healthcare. And the results have been impressive.

Employees continue to have world-class access to affordable, quality care.

And employee out of pocket costs and company costs have actually declined. Compare that with a 7 percent annual increase in health care costs nationally.

Another new idea where we've partnered with the CWA in recent contracts ... is having employees who earn less ... pay less for health care ... than higher-wage employees or managers do.

It's a simple ... but very fair and reasonable approach ... to providing affordable health care.

[PAUSE]

There's another issue I want to raise this morning ... and that's America's high school dropout crisis.

I believe it's the biggest threat to America's long-term economic growth and prosperity.



The stats say it all. Each year, more than 1 million of our kids drop out of high school. And nearly one-third of public high school students fail to graduate with their classmates.

This is a problem we must fix. And I strongly believe the business community must play a leading role.

One of the first things I did when I became chairman was to direct our Foundation to focus all of its attention and resources on the high school drop out crisis.

Last year, AT&T launched a new \$100 million initiative called Aspire to tackle the problem. It's the biggest and most significant investment in education in our company's history.

The bulk of our giving goes to schools and nonprofits that are already doing great work today, but need more money to scale their success.

But it's not just about money. It's about being personally committed to helping the next generation aspire to do great things.

That's why we're working with Junior Achievement to offer 100,000 young people the opportunity to job-shadow with AT&T employees.

A student named Alex shadowed me for a half-day. He sent me an e-mail later to say he had decided to go to college and major in business. Today, he's a freshman at the University of Texas.

I'm not an education expert ... but I do know ... that solving the drop out epidemic will take all of us working together ... educators, parents, government and America's business community.

[PAUSE]

These are a few of the ways that AT&T is investing in America's future. But we're hardly alone.



Tens of thousands of businesses – large and small – are investing in their people, their communities and in opportunities that will create jobs and strengthen our economy.

That's how we create sustainable, long-term economic growth. And I believe it's something the business community is uniquely suited to deliver.

The time to invest in America's future is now. And we're proud to do our part.

We look forward to joining President Obama, policymakers and other U.S. companies in laying the groundwork for a more prosperous tomorrow.

By working together ... and investing together ... we can accelerate the economic recovery.

Thank you for inviting me today. I look forward to your questions.

